

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:649

ANSWERED ON:25.02.2009

REBATE TO INDUSTRIES IN HIMACHALPRADESH

Thakur Shri Anurag Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government had given substantial rebate in income-tax, excise duty and capital subsidy upto 2013 for setting up of industries in Himachal Pradesh and later curtailed the said rebate and period;

(b) if so, the details thereof and the reasons for curtailment in the above rebate; and

(c) the steps taken or proposed to be taken by the Government to restore the earlier rebates and period so as to encourage the setting up of industries in Himachal Pradesh?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): The Union Government has allowed deduction allowed under section 80-IC of the Income-tax Act in respect of the profits or gains derived by the assessee from specified business of undertakings set up in specified areas in the State of Himachal Pradesh. This deduction is available to any undertaking or enterprise which has begun or begins to manufacture or produce specified articles or things or which manufactures or produces specified articles or things and undertakes substantial expansion during the period beginning on the 7th day of January, 2003 and ending before the 1st day of April, 2012, in specified areas in the State of Himachal Pradesh. There has been no curtailment of this deduction under the Income-tax Act. Further in 2003, Union Government provided exemption from Central Excise Duty to new industrial units set up in the state of Himachal Pradesh or to industrial units undertaking substantial expansion in capacity. This exemption is available, to new units and existing units for a period of 10 years from the date of commercial production. This period of 10 years has not been curtailed. However, Government has restricted the benefit of excise duty exemption to goods other than those in respect of which only peripheral activities like preservation during storage, cleaning operations, packing repacking, labelling or re-labelling of containers, sorting, alteration of retail sale price etc taking place in that region.

(b): The rationale behind such a measure was to ensure that the benefit of the scheme is extended only to genuine industrial activity taking place in the region so as to promote rapid industrial growth and generation of employment in Himachal Pradesh.

(c): In view of the (a) & (b) above Question does not arise.